

SECRET

IP- 463, Part II

SOVIET Bloc AND WESTERN SUPPORT FOR
ECONOMIC DEVELOPMENT IN ARGENTINA

(Project # 48.1049)

10 July 1956

25X1



SECRET

TABLE OF CONTENTS

	<u>Page</u>
Summary and Conclusions	
I. Economic Development Plans	1
A. Balance of Payments	2
B. Prebisch Reports	3
C. Agriculture and Livestock	6
D. Industry and Mining	7
1. Petroleum	8
2. Iron and Steel	10
3. Coal	11
E. Transportation and Electric Power	12
II. Foreign Economic Assistance and Investments	15
A. From the Free World	15
1. Investments	15
2. Credits	16
B. From the Soviet Bloc	19
1. Technical Assistance	20
2. Arms Aid	24
3. Credits	24
III. Trade with the Sino-Soviet Bloc	27
A. Value and Composition of Trade	27
1. Argentina's exports	31
2. Argentina's imports	32
B. Bloc Trade Delinquencies	35
IV. Sino-Soviet Bloc Trade Offensive	38
A. Trade Agreements and Arrangements	39
B. Trade Fairs	45
C. CAPI	45
Appendix I - Sources and Evaluations of Sources	46
Appendix II - Locations of Principal Economic Development Projects	53

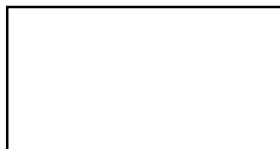
25X1

SECRET

TABLE OF CONTENTS (Cont'd)

	<u>Page</u>
Tables	
I. Overseas Assets and Obligations	3
II. Export-Import Bank Credits to Argentina	18
III. Foreign Trade of Argentina	30
IV. Principal Commodities in Argentine-Soviet Bloc Trade	34
V. Trade Agreements	44

25X1



SECRET

~~SECRET~~SUMMARY AND CONCLUSIONS

Sino-Soviet Bloc economic activities in Argentina, while not significant compared with those of the Free World countries, have increased sharply since 1953. In 1954 the value of Argentine-Soviet Bloc trade was \$173 million or about 8 percent of Argentina's total trade. This represented a 300 percent increase over 1953. Credits, complete installations of industrial plants, machinery, and technicians have been provided by Bloc countries. However, thus far, this type of economic assistance has been on a small scale. Since 1955 Bloc countries (the USSR and Czechoslovakia) have extended a total of \$19 million in credit to Argentina as compared with over \$60 million extended by the Export-Import Bank alone during this period.

The recently intensified Bloc economic activities in Argentina are reflected in offers: to provide capital goods urgently needed for Argentina's economic development program in exchange for agricultural products; to provide technical assistance; to grant long-term, low interest credit for capital goods purchases. It is quite possible, in view of its large-scale foreign capital requirements and its declining foreign exchange position, that Argentina will look with favor on greater Bloc participation in its economic development. This prospect is enhanced by Bloc willingness to purchase large quantities of agricultural and livestock products for which Argentina has experienced marketing difficulties.

25X1

~~SECRET~~

25X1

I. Economic Development Plans

Argentina's serious economic situation, a problem of retarded economic growth during the last ten years, may be attributed to the policy of the Peron regime of pushing industrialization at the expense of agricultural production, excessive state intervention in economic affairs, and the bureaucratic system of governmental controls. Restrictions and controls on agriculture resulting in a curtailed production and an increase in prices, together with an absence of technical advances have seriously retarded development of this important sector of the economy. 1/ At the same time the demand for agricultural products for the growing population in Argentina continues to increase. This domestic supply and demand situation has seriously limited Argentina's capacity to export agricultural and livestock products which comprise over 90 percent of Argentina's total exports. Available exportable products are not sufficient to compensate for the rising demand for imports of industrial goods. 2/ Thus imports of urgently needed capital equipment have been curtailed and the development of the industrial sector has been hampered. 3/

Per capita production in Argentina has increased only 3.5 percent over the last decade while the demand, both for domestic consumption and for exports, has increased at a more rapid rate. Domestically this has resulted in a serious inflationary situation and a lack of investment capital. Externally, in spite of governmental efforts to

25X1

arrest the trend, imports exceed exports and increased foreign indebtedness has resulted. 4/

A. Balance of Payments

In 1955 Argentina's balance of payments deficit was an estimated \$186 million and the foreign trade deficit, \$250 million. The difference in the two is accountable in terms of a favorable balance in invisible accounts. Not only has Argentina's indebtedness under bilateral agreements (with Free World countries) increased but payments on relatively short-term installment purchases of capital goods continue to mount. The declining foreign trade position during the last decade has necessitated a concomitant drain on Argentina's gold and foreign exchange reserves. These stood at \$530 million at the end of 1955 as compared with \$1,682 million in 1946. 5/ (See Table I)

This critical external position may be attributed not only to the failure to provide adequate price incentives and to adopt policies to promote an adequate growth of agricultural and livestock production and thereby provide a greater supply of exportable products, but also to the failure to direct industrialization into channels that would strengthen the country's external position by reducing the reliance on such basic imports as iron, steel, petroleum and coal. 6/

TABLE I 7/

Argentina's Overseas Assets and Obligations At the End
of 1955 As Reported by the Central Bank of Argentina

Assets

Gold	371.5
Dollar Balances	107.5
Sterling balances	6.8
Other Trade Agreement Currencies	<u>50.7</u>
Total Assets	529.7

Obligations

Balances against Argentina under trade
 agreements with:

Germany	29.8
UK	53.1
Italy	102.6
France	43.0
Japan	47.2
Others	<u>34.9</u>
Total T.A. indebtedness	310.6

Installment Payment Obligations
 (principal plus interest)

Dollar Obligations	316.4
Sterling Obligations	14.3
German Trade Agreement dollars	85.2
Other currencies	65.3
Total installment payment obligations	<u>481.2</u>
Total Obligations	791.8

B. Prebisch Reports

To rehabilitate its economy Argentina must take immediate steps to curb the inflationary trend, improve the deteriorating external position, and launch a program for increased production in the agricultural and industrial sectors of the economy. In view of this, the Provisional Government, in October 1955, appointed Dr. Raul Prebisch, General Secretary for the United Nations Commission

for Latin America, to the post of economic advisor to the President for a three-month period to study the economy and make recommendations for a development program. 8/ In late 1955 and early 1956 Dr. Prebisch published a series of reports in which he outlined specific proposals for governmental action for the rehabilitation and future development of the national economy.

Dr. Prebisch stated that it is essential that production in general be increased 10 percent within the next year and a further 20 percent within two or three years. 9/ However, in order to achieve this goal the balance of payments situation must be improved by giving immediate attention to increasing agricultural production, re-channeling industrial production, and eliminating the bottlenecks to development caused by inadequate power and transportation facilities. The following are some of the principal recommendations made in the Prebisch reports: 10/

1. The peso should be devalued and a more realistic rate be established as a means of increasing incentives to farmers and exporters of manufactured goods and facilitating the importation of urgently needed capital goods. 11/
2. Large-scale foreign financial assistance should be sought in the form of loans, investments, more favorable credit terms on capital goods purchases, and credits to both the public and private enterprises. 12/

3. Bilateral trade agreements with European countries should give way to trade on a multilateral basis. 13/
4. The government should gradually reduce its control of the economy except in the petroleum and railroad industries, which should remain nationalized. 14/

In line with the above recommendations the Argentine Government on 27 October 1955, devalued the peso and established an official rate of exchange of 18 pesos to 1 US dollar for all trade transactions except imports of capital goods, luxury imports, and invisible and capital transactions which will move through the free market. 15/ Recent actions, regarding foreign economic assistance indicate that the government is attempting to create a more favorable climate for foreign investment. In addition, an Argentine mission has been sent to Europe to arrange for payment of balances due abroad under existing bilateral agreements, to secure additional credits, and to put trade on a multilateral basis. The mission will probably also attempt to refinance obligations. 16/ A mission to the United States will attempt to arrange large scale loans for economic development. 17/ Although the Provisional Government has announced that it is in favor of more private enterprise, no overall policy in this regard has been enunciated. One exception bearing on this point is the announcement that petroleum

production and development will remain in the hands of the Government. 18/

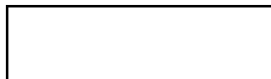
Barring any drastic changes in government attitudes, it seems reasonable to assume that Argentina will continue to pursue a policy which will seek greater and more efficient development of agriculture and industry, less governmental control of the economy, and more foreign assistance in the form of credits and investments. The following sections on agriculture and livestock; industry and mining; and electric power and transportation include specific proposals for development contained in the Prebisch reports and the implementations of the proposals by the Argentine Government.

C. Agriculture and Livestock

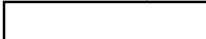
The Peron Government, in an effort to promote industrialization in Argentina, pursued an economic policy which discouraged development of the agricultural and livestock production. Expansion of industrial production demanded increased imports of capital equipment which had to be met with increased Argentine exports, of which over 90 percent are agriculture and livestock products. During the years 1945-47 the increasing payments for imports were more than offset by the growth of receipts from a large export surplus of foodstuffs sold at comparatively high prices. But the next five years, 1947-52, with the exception of 1950, were ones of recurring deficits in trade, intensified by drought in 1951-52 and declining world prices for agricultural products. An

- 6 -

25X1



25X1



excellent crop yield in 1953-54 resulted in a large export surplus in 1953 and a slight surplus in 1954. 19/ However, the effects of restricted agricultural production, rising domestic demand, low prices and the absence of technical advances in agriculture were felt in 1955, when in spite of rigid governmental controls to curtail imports a trade deficit of some \$250 million resulted.

To increase the productivity in agriculture and animal husbandry the government must take steps to insure greater price incentives to the farmer and to promote modernization and mechanization of farming methods. In accordance with recommendations made by Dr. Prebisch, the Provisional Government on 27 October 1955, announced the devaluation of the peso and the establishment of a single rate of 18 pesos to 1 US dollar for exports of agricultural products. In addition, the Government established a National Economic Restoration Fund for stimulating technological and economic advances in agriculture and livestock. 20/ The new governmental policy to give greater attention to agriculture and livestock production along with favorable weather conditions during the latter part of 1955 have considerably brightened the prospects for an increase in agricultural production in 1956. 21/

D. Industry and Mining

Although favored over agriculture during the Peron era, Argentina's industrial sector has also suffered inadequate development. Gross domestic

capital formation in Argentina has fallen both in amount and as a percentage of national production and there has been an absence of new capital investment in transportation, power, and most manufacturing industries. 22/

The Prebisch reports stress the need for consolidation of industries already in existence and their gradual expansion by the establishment of new branches. In particular, they emphasize the need to develop the metals ~~and mechanical~~ and mechanical industries, the paper and cellulose industries, and the chemical industry. They emphasize the need for Argentina to develop its own heavy industry. 23/ One of the chief obstacles to Argentina's industrial growth, however, has been the lack of necessary capital equipment imports. Raw materials resources such as petroleum, iron and coal have not been exploited sufficiently and large quantities of these materials have to be imported thereby making necessary a corresponding curtailment of needed capital equipment imports. Argentina's import requirements of capital goods for the next 3 years are estimated at some \$1.2 billion. 24/

1. Petroleum

Probably the most important immediate project is the development of domestic petroleum resources. The demand for petroleum has grown with the industrialization and the rapidly increasing population of the country, 25/ with the result that there is an estimated 8.7 million

- 8 -

25X1

25X1

ton annual petroleum deficit in Argentina. 26/ Prebisch indicated that domestic petroleum production should be raised from the present production rate of 5.1 million tons annually to a 10 million ton annual rate by 1959. 27/ Imports of petroleum presently comprise about 20 percent of Argentina's total imports. 28/ The principal sources of these imports are the Dutch West Indies, Venezuela, Kuwait, and the USSR. 29/

The Provision Government closed the door on exclusive foreign concessions in the petroleum industry when it awarded exclusive development rights to Yacimientos Petroliferos Fiscales (YPF), the state owned petroleum enterprise. 30/ However, in accordance with Dr. Prebisch's recommendation that petroleum development be carried out with the aid of foreign financial assistance, the government has announced that foreign companies may contribute to the development through the construction of pipelines, the sale of equipment and materials under deferred payment terms, the drilling of oil wells on a contract basis, and the participation in expansion activities covering any phase of the industry under a mixed foreign-Argentine state owned company formula. 31/ The areas involved in current and future petroleum development plans will probably include the territory of Neuquen, the Patagonia region in southern Argentina, and the Salta, Mendoza and Buenos Aires Provinces. 32/ The government is particularly anxious to begin construction of pipelines in the Salta, ~~and~~ Mendoza and Buenos Aires.

Provinces. On 15 March 1956, the Minister of Industry announced that YPF was ready to receive bids for the financing of \$250 million worth of pipeline, gas line, and miscellaneous equipment. 33/ He also announced that the call for bids would be made in the Soviet Bloc as well as in the Free World. 34/ The following projects and their estimated costs were outlined: a gas line from Campo Duran to Buenos Aires, \$76 million; an oil pipeline from Campo Duran to San Lorenzo, \$24 million; a pipeline from Mendoza to San Lorenzo, \$19 million; an unidentified project at Campo Duran, \$13 million; increases in the refinery at Lujan de Cuyo and in the Buenos Aires area, \$15 million and \$18 million, respectively; a lubricating oil plant, \$4 million; a distribution plant and equipment, \$5 million; drilling rigs and drilling contracts, \$76 million. It is desired that payment on these credits which would be guaranteed by the Central Bank begin in 1959 and run for 15 years. Bids were requested by 15 May 1956. 35/ The Minister made it clear that control of these development projects would be in the hands of YPF and that no payment in petroleum or in concession rights would be considered. 36/

2. Iron and Steel

The mining industry has been of minor significance in Argentina. Nevertheless, some strides have been made in recent years to develop existing domestic resources, particularly iron. In 1955, the government announced that economic plans for expansion of the

Zapla iron plant in the Province of Jujuy have been completed. Plans to expand the production at this plant to 165,000 tons a year by 1957 will require an estimated \$15 million in foreign exchange to cover imports of equipment for blast furnaces, a power plant and a charcoal plant. The iron will be converted into steel and processed at a rolling mill at the same location. 37/ A West German firm, Demag, is reported to be supplying the charcoal plant and will be installing a new blast furnace. 38/ Several projects have been planned with the participation of US firms for the extension and development of the iron mines and steel mills at Mesario and San Nicolas in the Provinces of Buenos Aires and Santa Fe. 39/ With the aid of a \$60 million loan by the Export-Import Bank, Argentina plans to construct an integrated steel mill at San Nicolas. The overall cost of the plant, which is designed to produce 538,000 metric tons of steel ingots annually, will be \$258 million. The plant is to include dock and other raw material handling facilities, a by-product coke oven plant, a 1,300 ton blast furnace, open-hearth steel making facilities, a blooming and billet mill, a rail and structural forms mill, and finishing mills for the production of plate, strip, sheet and tinplate. 40/

3. Coal

For some time the government has been working on the development of coal deposits in Argentina, particularly at Rio Turbio

in the southern Patagonia area. Coal reserves at these mines are estimated to be as high as 370,000,000 tons. However, after 10 years the mines are supplying only 50,000 tons of coal a year. This low production rate has been attributed to bad planning, poor transportation facilities, and technical difficulties. ^{41/} It is expected that with large-scale investment, including a coal-washing plant which Czechoslovakia has contracted to construct, the mines could produce 1,000,000 tons per year by 1959. ^{42/}

2. Transportation and Electrical Power

Another obstacle to Argentina's industrial and agricultural development, and probably the one requiring the most immediate action, is the lack of an adequate transportation system and a severe shortage of electrical power. ^{43/} Improvement in these sectors which now seriously limits economic progress has been slow. Further advances in both of these fields will undoubtedly require large-scale foreign assistance.

In April 1955, the Government inaugurated a 15-year highway development plan which provides for construction of express highways to connect Buenos Aires with Mor Del Plata and Rosario, and 3 branches of the Pan American highway to connect Buenos Aires with neighboring countries (Paraguay, Chile and Bolivia). Although the government intends to carry out construction on these projects without the aid of foreign

companies, it is estimated that some \$15 million worth of machinery will be required from abroad. ^{44/} In railroad transportation the lack of indigenous production of locomotives and cars is a serious hinderance to Argentina's economic development. ^{45/} In March 1956, the Minister of Transport called for bids for 200 diesel electric locomotives, 600 passenger cars (300 of them diesel), 10,000 freight cars, steam-locomotives parts, steel bridge parts and assorted modernization equipment for ships and road line. The equipment would be purchased on a deferred payment basis with terms up to 10 years. A combine of UK firms has put in a \$42 million 10-year bid for the entire program. ^{46/} In the long-run, plans for expansion of the steel mills at Rosario and San Nicolas which include construction of foundries to produce railroad rolling stock should add considerably to Argentina's railroad development. ^{47/}

There has been very little progress in the last ten years in Argentina's electric power industry. ^{48/} The serious shortage of electric power, estimated to be about 600,000 kilowatts per annum, is one of the more urgent problems facing Argentina. ^{49/} Dr. Prebisch has proposed a program for the development of electric power in which he has outlined the following actions to be taken for immediate and long-term expansion.

1. Measures of immediate effect

- a. To hasten the construction of transmission lines from the new San Nicolas power plant

- b. To import small power units for rapid installation
- c. To hasten construction of new projects in the interior
- d. To change the organization of the Rosario power plant and connect it to San Nicolas.

2. Measures of subsequent effort

- a. To expand the power plants in Puerto Nuevo by the end of 1959
- b. To make radical changes in the corporate structure of power enterprises
- c. To make additional large investments
- d. To construct a new 300,000 kilowatt thermo-electric plant at Dock Sud (Buenos Aires Province)

3. Measures to be effective after 1960

- a. Study of the Salto Grande Project
- b. Study of possible development of power in the Parana basin
- c. Study of possible use of atomic power in the production of electrical energy. 50/

Government policy regarding the entire plan has not been announced. However, in March 1956, the government took over the Rosario plant which had been the property of the firm, Sofina, representing Belgium and Swiss interests. The company's franchise expired

in 1952 and since that date has been operating on a provisional extension of the franchise. 51/ This action was probably taken as a step toward the issuance of new stock by the Government, and the eventual reorganization of the plant in accordance with the Prebisch recommendation. 52/

II. Foreign Economic Assistance and Investments

A. From the Free World

1. Investment

The lack of indigenous capital for investment makes it imperative that Argentina receive financial assistance from abroad for its economic development program. Prior to 1947, foreign investment accounted for the bulk of capital formation. However, the absence of profit remittances during most of the period since 1947 and the rigorous system of governmental control of business enterprise have effectively discouraged private foreign investors. 53/ As a consequence, Argentina has turned extensively to short term credit for financing necessary capital goods imports. 54/ The opening of the free market in foreign exchange for profit remittances and the entry of new capital in October 1955 has been a desirable step toward the creation of a more favorable investment climate. Nevertheless, there are still uncertainties which confront foreign investors. Chief among these uncertainties are the government policies toward labor and inflation. 55/ Although the creation of a free market through which foreign funds may freely enter

or leave Argentina has removed practically all governmental control, permits for the importation of machinery as well as other goods are still required. A circular issued by the Central Bank in November 1955 stated that it will permit capital investment in the form of imported new machinery (complete new plants or additions to existing plants) if the investments produce goods that now must be imported or that could be exported. 56/ These steps, taken by the Provisional Government, indicate that Argentina is making serious attempts to attract foreign investment capital.

The United States and Great Britain have by far the largest share of total foreign investments in Argentina. A Central Bank survey made in late 1953 showed that out of the total foreign investment in Argentina, United States investors accounted for 25 percent and British investors for 20 percent. The remainder included investments from Swiss, Belgian, Italian and French sources. 57/ Only a relatively small amount of foreign investment has taken place during 1954 and 1955—insufficient to significantly change the foregoing percentages. 58/ It is estimated that only about one-half of total foreign investment represents original investment while the other half represents reinvested profits. 59/

2. Credits

Argentina's overseas obligations on relatively short-term credits for purchases of capital goods are steadily increasing. In the

past 10 years most of the foreign capital obtained by Argentina has been on a credit rather than on a long-term investment basis. At the beginning of 1955 Argentina's total installment obligations (principal plus interest to be paid until maturity) amounted to \$276.3 million, 48 percent of which was to be paid in US or Canadian dollars. ^{60/} By the end of 1955, total installment obligation had grown to \$481.2 million, almost 66 percent of which is to be paid in US or Canadian dollars. ^{61/} A large part of these credits will have to be repaid within the next five years. ^{62/} In 1956, about \$112.7 million will have to be repaid unless some of the loans are refinanced. ^{63/} Principal items purchased on these credits include telephone equipment, locomotive, agricultural equipment, cement manufacturing machinery, mining equipment, oil field equipment, steel mill equipment and tractors. ^{64/}

Next to the United States, West Germany is Argentina's largest creditor. There were no credits from Sino-Soviet Bloc countries listed as of the beginning of 1955. ^{65/}

In order to carry out its economic development plans Argentina will find it necessary to secure additional large-scale credits from abroad. These Argentina will try to obtain on more favorable terms. An Argentine mission has been sent to Europe on a preliminary visit to discuss the consolidation of debts with various European countries, the arrangement of deferred payment terms, and the extension of credits

for Argentine purchases of capital goods. A mission has also been sent to the United States to arrange for governmental loans to Argentina. 66/

United States Government credits to Argentina have been restricted to Export-Import Bank credits and to credits under PL 480. There have been no ICA grants or credits to Argentina. As of 30 June 1955, Export-Import Bank loans and authorized credits to Argentina amounted to some \$190.3 million (See Table II).

TABLE II

EXPORT-IMPORT BANK LOANS AND AUTHORIZED CREDITS TO ARGENTINA 67/

(in thousands of \$US)

<u>Obligor</u>	<u>Purpose</u>	<u>Period of Loan</u>	<u>Amount</u>	<u>Balance not Disbursed</u>	<u>Principal Outstanding</u>	<u>Per- cent</u>
Agencia de Transportes Moore-McCormack S.A.	Harbor Barges	1946-58	210.0		51.2	4
Consortium of Arg. Banks	Dollar Exchange	1950-63	125,000.0		77,175.9	34
Sociedad Minera Arg. S.A.	Equip. for prod. of tungsten & sulphur	1951-58	5,000.0		3,750.0	4
Sociedad Mixta Siderurgia, Arg.	Construction of Steel Mill	1956-77	60,000.0	60,000.0		5
National Lead Co. S.A.	Mining Equip.	1955-58	72.3	72.3		5
TOTAL			190,282.3	60,072.3	80,977.1	

SECRET

An agreement for the \$60 million loan was signed 27 February 1956. The credit will be used to assist in financing United States exports of equipment, materials, and technical services to Argentina for the construction of an integrated steel mill at San Nicolas which will have an overall cost of \$258 million. The Export-Import Bank credit will finance up to 60 percent of purchases of nearly \$100 million to be made in the United States. 68/

In addition to the above the United States Government loaned \$2.3 million to Argentina for economic development under US Public Law 480 which specifies that US agricultural surpluses may be sold to friendly nations for foreign currencies which then may be used for a development loan to the country. * 69/

B. From the Soviet Bloc

It is quite possible, in view of its foreign capital requirements and its declining dollar position, that Argentina will look with favor upon offers of credit and technical assistance from Soviet Bloc countries. This prospect is enhanced by Bloc interest in securing large quantities of Argentina's agricultural and livestock products. In 1954, Bloc countries accounted for about one-third of total Argentine exports

* 1955 was a poor year for summer crops in Argentina and the worst year in recent times for edible oil production. Consequently, Argentina purchased some 20,000 tons of edible oils from the US under PL 480.

of mutton and lamb as well as significant proportions of its rye, linseed oil, quebracho extract, and canned meat exports. 70/

Thus far, however, actual Soviet Bloc credits and technical assistance to Argentina have been negligible. Czechoslovakia has been, by far, the most active Bloc country in offering economic assistance, although the USSR has displayed increasing interest. Some interest also has been recently displayed by Poland, Hungary and the GDR. The concern of these Satellites, however, seems to be focused primarily on expanding trade rather than on economic assistance in the form of credits or technical services.

1. Technical Assistance

General offers of technical aid in the form of complete installations of industrial plants and machinery as well as technicians have been made by several Bloc countries to Latin America. The most significant being the January 1956 statement made by Soviet Premier Bulganin, in reply to questions submitted to him by Vision* magazine, that the USSR is ready to sell to Latin American countries various types of capital goods and to provide technical assistance in the fields of electric power, construction, transport, and agriculture. 71/

To date specific Bloc offers of technical aid to Argentina have been relatively insignificant. Indications are, however, that

* A Spanish language News Magazine published in New York for Latin America

they will increase in 1956. While Czechoslovakia, East Germany, Hungary, Poland, and the USSR have all shown interest in providing technical assistance to Argentina, to date only Czechoslovakia and Hungary have actually sent complete industrial installations and technicians.

In March 1954, two Czech technicians were in Argentina to assist in setting up a small tractor factory near San Nicolas. Construction of the factory, which is a joint project of the Czech Skoda Works and the Argentine state trading organization, IAPI, was to take one year. ^{72/} Also in the San Nicolas area, Czech technicians have constructed the "world's largest distillery." ^{73/} Additional Czech technicians were in Argentina in mid-1955 in connection with imports of Czech trucks. ^{74/} Probably the most important example of Czech technical assistance to Argentina is the contract awarded to the Czech firm, Technoexport, in July 1955 for the installation of a coal-washing plant at the Argentine Government-owned coal mines at Rio Turbio in southern Patagonia. The cost of Czech equipment for the plant, which is to have a daily capacity of 4,000 tons, is estimated at nearly \$2.1 million. ^{75/} Payment terms were stated to be as follows: 20 percent thirty days after signing the contract; 20 percent upon receipt of shipping documents for each partial delivery; 20 percent when the equipment is put into operation; 15 percent on 31 December 1959; 15 percent on

31 December 1960; and 10 percent on 31 December 1961. Delivery of the equipment is to be completed by 1957. 76/ Credits extended for this project will be financed under the credit provision in the Czech-Argentine trade agreement. As the Czechs did not submit a bid, it is believed that they probably got the contract by bribing Argentine officials. 77/ It is interesting to note that Czech press statements regarding the coal-washing plant refer to Czechoslovakia's success in getting the contract over competition from United States, French and West German enterprises. 78/

One of the most recent developments in Czech economic activities in Argentina is the sale of 60 small Czech transport aircraft to Argentina in February 1956. Total cost of the planes estimated to be about \$1.35 million, is to be financed on a 10-year credit. Four of the planes, accompanied by Czech technical personnel, have already been shipped. The Czechs have also offered jet aircraft under the same terms. 79/ A Czech commission visited Tucuman Province in March 1956 for the object of studying machinery requirements for sugar production and railroad activities but there have been no known offers to date. 80/

Although no contracts have been concluded, the USSR has shown an interest in participating in Argentina's petroleum development program. A Soviet commercial mission is reported to have offered to supply IFF with drilling equipment and other petroleum equipment and

steel sheets for pipeline construction on favorable credit terms. 81/

This offer, however, did not come in the form of a formal written bid.

Bids have been received for financing the \$250 million pipeline program from British, French, United States, and West German firms. 82/ Announcements, made by the Minister of Industry at the time of the invitation for bids on the pipeline construction plan, indicate that Argentina would be willing to accept favorable bids from outside the dollar area, even from the Soviet Bloc. 83/ Other offers of technical assistances, include an offer in August 1955 to sell road construction equipment, 84/ entire railway electrification systems, electric locomotives. These offers also included the services of technicians to aid in setting up the installations. 85/ In 1956, there have been increasing indications of a growing Soviet interest in supplying Argentina with needed equipment and supplies under generous terms. The Soviets have also suggested that they send engineers to work with Argentine personnel on Soviet equipment, specifically road-graders, now in Argentina. 86/

The Argentine-Hungarian trade agreement of April 1954 provides for sending Hungarian technicians to aid in the installation and servicing of Hungarian equipment. 87/ Hungarian activities in late 1955 and 1956 have included sending technicians to Argentina in connection with the servicing of Gans diesel railroad cars, 88/ supplying

plans and equipment to Argentina for an oxygen factory, 89/ and offering diesel-electric power plants for marine and land transportation and stationary power plant use. 90/

Under the GDR-Argentine trade agreement of September 1954, East Germany was committed to export complete equipment for two large modern dairies. 91/ Evidently these commitments have not been met as there were no reported GDR exports to Argentina in 1954 or the first half of 1955. In 1956, East Germany offered to supply the Argentine sugar industry with all essential equipment it required on a 5-year credit basis and at the same time indicated that the GDR was prepared to offer coal mining, road construction, power station, chemical, and agricultural machinery on long-term credits at low interest rates. 92/

The Polish-Argentine trade agreement of January 1955 provides that Poland facilitate the export of capital goods to Argentina on short-term credit but there has been no evidence of implementation of the arrangement. 93/

2. Arms Aid

To date there have been no Bloc arms shipments to Argentina. Recent Czech and Soviet offers of military aircraft to Argentina have not resulted in any contracts. 94/

3. Credits

Three Soviet Bloc countries, Czechoslovakia, Poland and

the USSR have provided for extension of long-term credits to Argentina under their respective trade agreements. For the most part, these credits have not been utilized.

The extension by the USSR in August 1953, of a \$30 million credit to Argentina for purchases of coal mining equipment, oil drilling equipment, transportation equipment, agricultural equipment, and power plants represents the first significant Soviet Bloc offer of economic assistance to a Free World country. 25/ This credit does not seem to have been utilized. (In part this may be due to the fact that an Argentine mission to the USSR in early 1954 found the Soviet equipment offered to be of low quality and obsolescent.) 26/ In May 1955 the credit provision was reduced to \$4 million. Soviet offers of railway electrification systems and road construction equipment in August and September 1955 may have been an attempt to get Argentina to utilize some of this credit. In 1956, the USSR has been making a concerted effort to expand its economic relations with Argentina. In April 1956, Soviet trade representatives called on Argentine officials in Buenos Aires, at which time they left new catalogs of Soviet machinery and expressed a desire to supply Argentina with needed equipment under terms of 20 percent down and the balance in five years at 3 percent interest. 27/ Also in April, the Soviets visited the administrator of YPF, Argentine State Oilfields Monopoly, to offer Soviet oil drilling

and other petroleum equipment, including steel sheets adequate to cover 80 percent of the material needed for the construction of YPF's planned pipeline system. [REDACTED]

25X1

25X1 [REDACTED] The YPF administrator has asked for a written offer from the Soviets. 96/

The Czech-Argentine trade agreement of January 1955 provided for the extension by Czechoslovakia of a \$15 million credit to Argentina for purchases of capital goods. Some \$2.1 million of this credit will be used for purchases of Czech equipment for a coal-washing plant at Rio Turbio in Southern Patagonia. It is not known whether other Czechoslovakian projects in Argentina are being financed under this credit, although it is entirely possible that a recent purchase of Czech transport aircraft on 10-year credit terms may relate to the \$15 million provision.

The Polish-Argentine trade agreement of January 1955, while stipulating that Poland facilitate the export of capital goods to Argentina on credit, did not mention a specific amount. As yet there has been no evidence of any Polish credit to Argentina.

East Germany has offered 5-year credits for purchases of equipment for Argentina's sugar industry and has indicated its willingness to grant long-term credits for other equipment purchases. As yet no

- 26 -

contracts have resulted from these offers.

III. Argentina's Trade with the Sino-Soviet Bloc

A. Value and Composition of Trade

Argentina is the largest Latin American trader with the Sino-Soviet Bloc. In 1954 Argentina's trade with the Bloc as a whole increased sharply both in amount and as a percentage share of total trade. Only with Bulgaria has trade decreased. (See Table I) Although total trade with the Bloc in 1954—about \$173 million—represented less than 8 percent of Argentina's total trade, it was 4 times the value of Argentine-Bloc trade in 1953 and over twice the value of trade in 1950, a postwar peak year. Preliminary information on Argentine-Sino-Soviet Bloc trade in the first half of the year indicates that the level of trade in 1955 was as high, or higher, than the 1954 level.

Argentine exports to the Bloc in 1954 were in excess of imports. Exports amounted to about \$90 million while imports were valued at approximately \$83 million. During the first six months of 1955, however, the reverse was true. Imports were reported to be \$55.4 million, 58 percent higher than imports in the same period in 1954, while exports were reported at \$33.5 million, only about 58 percent of exports in the same period in 1954. Indications are that this trend probably leveled off somewhat in the last half of the year.

The large increase in Argentina's commerce with the Bloc in 1954 and 1955 is chiefly a result of a considerable increase in trade with the USSR and Poland. Trade with these two countries in 1954--the highest ever recorded--accounted for over two-thirds of Argentina's total trade with the Bloc. Trade with Czechoslovakia, Hungary, Rumania, and China also increased over 1952 and 1953 levels but did not reach the level of previous peak years. Trade with Albania, Bulgaria and the GDR was negligible.

Following the conclusion of a large trade agreement in August 1953, total trade between Argentina and the USSR increased from a negligible amount in 1951 and 1952 to some \$11 million in 1953* and \$73 million in 1954. Imports in 1954 totalled about \$36.7 million and exports were about \$36.4 million. Preliminary statistics indicate that in the first half of 1955 Argentine-USSR trade amounted to only \$31 million as compared to almost \$54 million in the first six months of 1954. This decline in total trade was the result of a sharp decline in Argentine exports during the period. Imports in the first half of 1955 were valued at \$20.5 million--a considerable increase over the \$8.8 million recorded in the first half of 1954.

Argentina's trade with Poland, second largest Bloc trading partner, reached a level of almost \$43 million in 1954 as compared with

* This figure represents Argentine exports only. USSR exports under the trade agreement did not begin until January 1954. 99/

slightly more than \$13 million in 1953. Imports in 1954 were \$21.6 million and exports were about \$22 million. During the first half of 1955, Polish-Argentine trade continued its upward trend, amounting to \$32.2 million as compared with \$24.6 million in the first half of 1954. As was the case in Argentine-USSR trade in 1955, imports from Poland, \$14.8 million, increased over imports in the same period in 1954, while exports, \$17.4 million, showed a declining trend.

Trade with Czechoslovakia, Hungary, Rumania and China also showed a considerable increase in 1954 and 1955.

- 29 -

25X1

25X1

SECRET

25X1

SECRET

Approved For Release 2003/01/29 : CIA-RDP79T01049A001500190006-9

Argentina's Foreign Trade By Value for 1947 - First half of 1955
(in thousands of US dollars)

Argentina Exports				Albania	Bulgaria	Czech.	Den.	Hungary	Poland	Romania	Soviet	China
Year	Total to world	Total to bloc	% of total									
1947	1,639,368	23,659	1.4	1	352	4074	n.r.	2472	4371	1248	9764	857
1948	1,659,340	49,499	3.0	1	26	19068	n.r.	969	9341	18170	1721	290
1949	1,487,468	35,477	2.4	11	1427	12012	n.r.	2075	3743	5370	2145	81
1950	1,439,389	48,747	3.4	5	961	10114	n.r.	15099	9717	10000	21	831
1951	1,452,262	34,497	2.4	1	274	11439	n.r.	8621	8091	1104	8	30
1952	799,528	12,915	1.6	1	6	5121	n.r.	1330	2552	472	6	27
1953	1,447,799	24,356	1.7	1	6	461	n.r.	2379	4237	1045	11,326	1
1954	1,079,474	90,485	8.4	1	n.r.	11519	170	8551	21923	6977	26385	6210
Jan-June 1955	33,504					1532		694	17425	2306	10425	1148
Argentina Imports												
1947	1,307,716	15,572	1.2	-	15	11466	n.r.	352	1891	709	989	1029
1948	1,513,393	18,883	1.2	-	11	10935	n.r.	293	2100	4024	617	913
1949	1,434,896	21,908	1.5	-	-	12341	n.r.	1877	1190	5136	976	80
1950	1,083,301	32,900	3.0	-	492	11792	n.r.	4596	4428	11514	14	25
1951	1,369,773	38,582	2.8	-	770	11440	n.r.	10308	6519	6418	9	94
1952	1,277,257	17,144	1.3	-	-	3971	n.r.	5751	5561	1507	-	254
1953	861,596	15,263	1.8	-	-	4141	n.r.	1337	1805	2900	-	(a)
1954	1,408,414	82,684	5.9	-	-	11898	-	6403	21601	8096	36685	1
Jan-June 1955	55,136					9927		3254	14824	2040	20404	

a) less than \$500

1. Argentine Exports

Argentina's exports to the Sino-Soviet Bloc in 1954 and 1955 were composed entirely of agricultural and livestock products. Hides, grains, and meats, comprising together over 70 percent of Argentina's exports to the Bloc, amounted to \$23.7 million, \$20.4 million and \$20.2 million respectively. Other exports, in quantitative order, were quebracho extract, linseed oil and other vegetable oils, wool and butter.

In 1954, Argentina exported to the USSR \$18.5 million worth of meat, \$7.2 million worth of hides, \$6.5 million worth of linseed oil, and about \$4 million worth of butter and quebracho extract. All exports except butter were specified in the August 1953 trade agreement. Statistics for the first half of 1955 reveal that, in addition to exporting hides, meats and linseed oil, Argentina exported some \$2.2 million worth of wool to the USSR in 1955. No butter or quebracho extract exports were reported during the period.

Poland imported \$9.6 million worth of grains (wheat and rye); \$5.8 million worth of hides; \$3.5 million worth of wool; and small amounts of meat and quebracho extract from Argentina in 1954. Czechoslovakia, the third largest Bloc trader with Argentina, imported grains (wheat and corn), wool, hides, meat and quebracho extract valued

at \$5.3 million, \$2.4 million, \$1.7 million, \$1.5 million and \$0.5 million respectively. Hungary and Rumania imported chiefly hides, grains and quebracho extract and China imported chiefly quebracho extract.

2. Argentine Imports

Argentina's major imports from the Sino-Soviet Bloc were crude materials, minerals and manufactured goods, such as cement and iron and steel products. Imports of these commodities in 1954 accounted for over 76 percent of total imports from the Bloc while imports of machinery and transportation equipment accounted for only 19 percent of the total. Chemicals and miscellaneous products made up the remainder. Principal imports in 1954, by value, were iron and steel products, \$23.2 million; coal, \$13 million; cement, \$9.6 million; wood, \$9.7 million; petroleum products, \$7.9 million; tractors, \$6.5 million and railroad equipment, \$6 million.

Imports from the USSR consisted chiefly of iron and steel products worth \$22.5 million, petroleum products worth \$7.9 million, and railroad equipment (excluding rolling stock) worth \$3.7 million. Small amounts of machinery, including \$18,000 worth of tractors and \$16,000 worth of mining machinery, were also imported. Over 90 percent of Argentina's imports from Poland in 1954 consisted of coal

and cement. Coal imports were valued at \$11.4 million and cement imports at \$8.2 million. Czechoslovakia and Hungary were the largest exporters of machinery and transportation equipment to Argentina in 1954. Czechoslovakia exported some \$6.4 million worth of tractors, and Hungary exported \$4.8 million worth of railroad coaches and machinery. Imports from Rumania consisted entirely of lumber, which amounted to \$6.5 million. There were no imports from China reported.

Available data reveals that in 1955, the USSR increased exports of railroad equipment, including locomotives, and also exported some \$156,000 worth of mining machinery. Czechoslovakia increased iron and steel exports from a negligible amount in 1954 to almost \$5.4 million in the first six months of 1955.

Table 17 / 101

Principal Commodities in Argentina's Trade with the Sino-Soviet Bloc in 1978
(in thousands of US dollars)

	<u>Czech</u>	<u>DDR</u>	<u>Hungary</u>	<u>Poland</u>	<u>Romania</u>	<u>USSR</u>	<u>China</u>
<u>Argentine Exports</u>							
Wools	1,521		15	68		12,519	
Grains	5,317		3,303	9,637	721	3,772	393
Butter						7,253	
Hides and skins	1,535	177	3,573	5,754	5,158		
Wool	2,431		9	3,522		6,039	
Linseed & other oils					137	286	
Guarancho extract	463		959	1,366	515		5,317
<u>Argentine Imports</u>							
Coal				11,363		1,691	
Iron & steel products (incl. rails)	6		753			82,434	
Rails						18,250	
Cement	1,431			8,161			
Wood	1,941			1,227	6,496		
Petroleum & petroleum products						7,948	
Tractors	6,455					18	
Railroad equipment			2,253			3,705	
Mining machinery						16	
Agricultural machinery parts	859						
Other machinery & parts	273		2,547			0	

B. Bloc Trade Delinquencies

Argentina's postwar trade has been based almost entirely on bilateral agreements and in recent years the trend has been toward increasing indebtedness under these agreements with many countries of the Free World. This trend has not been in evidence in Argentina's bilateral arrangements with the Sino-Soviet Bloc countries. For the most part, Bloc exports to Argentina have failed to keep pace with Argentine exports to the Bloc. The Central Bank of Argentina reports that, at the end of 1954, total Bloc indebtedness to Argentina under bilateral agreements was \$42.8 million. This is well above the \$25 million swing credit permitted in the agreements. The breakdown of this debt was as follows: USSR, - \$13.6 million; Hungary, - \$12.4 million; Czechoslovakia, - \$11.6 million; Poland, - \$5.6 million; Rumanian, - \$4.4 million. ^{102/} The USSR debt was reduced to \$6 million by the end of 1955. ^{103/} As the imbalance in 1954 trade between Argentina and the Bloc amounted to only some \$7.8 million, a major part of this indebtedness was accumulated prior to 1954.

USSR deliveries fell far short of meeting commitments under the trade agreement at the end of the first agreement year (August 1954). Exports to Argentina during the period, August 1953 to August 1954, amounted to only \$13.4 million of the \$60 million target while Argentine

deliveries by August 1954 amounted to some \$46.2 million. * During the remaining five months of 1954, the USSR stepped up its exports and, by the end of the year, a total of \$36.7 million worth of Soviet goods had been delivered to Argentina--still well below the \$60 million target. Soviet deliveries of crude petroleum in 1954 were far short of commitments, as were deliveries of coal, sheet iron, pipe, transportation equipment and petroleum and mining equipment. At the same time, Soviet deliveries of refined petroleum products were greatly in excess of commitments, and deliveries of rails approximated the established quota. Implementation of the protocol for trade in 1955 is not known, however, statistics for the first half of the year indicate that the Soviets again fell short of their commitments to export crude petroleum, equipment and iron and steel.

Preliminary statistics for the first half of the year indicate that Czechoslovakia and Argentina probably did not meet their export commitments in 1955. Under the January 1955 agreement and a subsidiary barter agreement the Czechs were to export to Argentina some \$42 million worth of iron and steel products, machinery and wood. 104/ Although far exceeding Argentine exports during the period, Czech exports through June 1955, amounted to only \$9.9 million of the \$42 million provision. One of the major delinquencies was in deliveries of iron and steel products. Only \$3 million of the committed \$14 million worth of these

* USSR deliveries under the agreement did not begin until January 54, but Argentina exported some \$11.3 million worth of products in the last months of 1953.

products were exported by Czechoslovakia during the first half of the year. Exports from Argentina were also lagging behind the established quotas. Of a total of \$37 million worth of products which Argentina was to ship to Czechoslovakia during the year, 105/ only some \$1.5 million worth of grains, meats and hides had been delivered by the end of June 1955. In addition to exports under the trade arrangements, Czechoslovakia is committed to provide up to \$15 million in credit for capital goods purchases. There have been reports of definite utilization of about \$2.1 million of this credit for equipment for a coal-washing plant in Argentina.

Argentine-Polish export quotas set by a January 1955 agreement were probably fully implemented by the end of the year. Trade between these two countries in 1954 was almost in balance. Although the Central Bank reported that Poland was indebted to Argentina by some \$5.6 million at the end of 1954, most of the debt was incurred in previous years. A provision in the January 1955 agreement that Poland facilitate the export of capital goods to Argentina on an installment payment basis has apparently not been implemented.

At the end of 1954, Hungary had a large debt to Argentina amounting to \$12.4 million. Some effort was made to reduce the debt in a barter agreement signed in April 1954, which stipulated that Hungary export \$4.75 million worth of goods in return for Argentine exports valued at \$3.50 million. The imbalance (\$1.25 million) was

to be used to reduce the debt. Not only have the Hungarians failed to fulfill their trade commitments to Argentina, but some of their deliveries have been found to be defective. It has been reported that 26 Hungarian railway cars delivered to Argentina by the Ganz firm were defective and of poor construction. 106/

Rumania is the only Bloc country, which, at the end of 1954, had a slight export surplus in its trade with Argentina. Rumanian exports consisted entirely of wood products. Indications are that in 1955 Rumania again had an export surplus.

As there was no formal trade arrangement between the GDR and Argentina until September 1954, Central Bank figures did not show the status of East Germany's trade with Argentina. By June 1955, two months before the expiration of the trade agreement, no trade had been reported between these two countries.

IV. Soviet Bloc Trade Offensive in Argentina

Sino-Soviet Bloc overtures to Argentina have been focused primarily on expanding trade. Not only are the Bloc countries willing to take agricultural and livestock commodities, quebracho extract 107/, wool 108/, linseed oil, cheese, butter and hides 109/ for which Argentina has had minor marketing difficulties, but they are willing to export to Argentina capital goods to aid in Argentina's economic development.

Since November 1954, trade delegations and missions from Communist China, the GDR, Bulgaria, Czechoslovakia, Poland and the USSR have visited Argentina to discuss the expansion of trade. In May 1955 the USSR inaugurated an elaborate industrial exhibit in Buenos Aires in an attempt to interest the Argentines in Soviet equipment. Recent Bloc trade offers to Argentina have been directed to provincial governments and private enterprises as well as to central government organizations. 110/ This is in keeping with the Provisional Government's announcements regarding the decentralization of foreign trade and the liquidation of the state trading organization, IAPI. 111/

A. Trade Agreements and Arrangements

In 1955, Argentina had 6 trade agreements with Soviet Bloc countries--Czechoslovakia, GDR, Hungary, Poland, Rumania and the USSR-- envisaging a total trade turnover of over \$263 million. (See Table V)

The largest and most significant of these agreements was signed on 5 August 1953 by the USSR and Argentina. The agreement, the first ever negotiated between the USSR and a Latin American country, provided for an annual trade turnover of \$150 million--\$60 million each way, a \$30 million credit to be extended to Argentina for purchases of Soviet capital equipment, and Soviet technicians to install and service imports of Soviet equipment. ^{112/} The trade targets set by this agreement more than doubled the amount of the entire Latin American area's trade with the Bloc. The agreement was extended in August 1954 and in May 1955 was revised downward in a protocol to the agreement. The protocol set a more realistic trade target of \$100 million for the calendar year 1955 and reduced the unutilized \$30 million credit provision in the 1953 agreement to \$4 million. Significant changes in Soviet export quotas as established by the May protocol include a considerable increase in exports of iron and steel products, reduction in the quota for some petroleum equipment, deletion of coal from the list, and the addition of special steels, aluminum, cellulose and pine wood.

A 3-year Czech-Argentine trade agreement signed in January 1955, is the second largest trade agreement between Argentina and a Soviet Bloc country. Czechoslovakia and Argentina have traditionally traded under bilateral trading arrangements. However, the 1955-58

agreement negotiated after the expiration of a 1952 agreement in December 1954, set a total trade target more than double previous trade. The new agreement also provided for a Czech credit of \$15 million to Argentina for purchases of capital goods. At the same time, a subsidiary barter agreement was signed under which Czechoslovakia agreed to export an additional \$10 million worth of goods to Argentina in return for \$5 million worth of Argentine products. The difference was to be used to reduce Czech indebtedness to Argentina which was reported to be \$11.6 million at the end of 1954.

A protocol to the Polish-Argentine trade agreement of October 1952, signed in January 1955, envisaged total trade of \$49.4 million--\$24.7 million each way--in 1955. This represented a slight increase over the \$40 million target set for 1954. This agreement, like those negotiated with the USSR and Czechoslovakia, made provision for Argentine imports of capital goods on an installment payment basis.

Hungary and Argentina signed a new three year trade agreement in August 1953 to replace the previous agreement of July 1948 which expired in December 1952. This agreement set a \$30 million trade turnover target apparently for the first year. Half of Hungary's exports under this agreement were to reduce the Hungarian debt to Argentina which stood at \$12.4 million at the end of 1954. On 22 April

1954 a new trade target was set, by a protocol to the agreement, at the greatly reduced level of \$8.25 million--Argentine exports, \$3.5 million and Hungarian exports, \$4.75 million. The imbalance was to be used to reduce the Hungarian debt. Under this agreement Argentina agreed to admit Hungarian technicians to service and install Hungarian machinery. Then in mid-1955 another protocol was signed which established the level for Argentine exports at \$4.5 million and Hungarian exports at \$6.5 million.

After two years, during which time there was no formal trade agreement, Rumania and Argentina, in May 1954, signed a new trade agreement. No trade target is available for this agreement.

An East German-Argentine compensation agreement, signed in July 1954, for the year 1955, between IAPI and the GDR is the first agreement ever negotiated between these two countries. Provision was made for a total annual exchange of \$41.2 million.

There has been no trade agreement between Argentina and Bulgaria since 1950 but a Bulgarian commercial mission now in Argentina may be attempting to negotiate a new agreement. 113/ Argentina has never had formal trade agreements with either Albania or Communist China. Trade with these countries has been conducted on an ad hoc basis. As a result of exchange visits by Argentine and Communist Chinese delegations

- 42 -

SECRET

25X1

25X1

25X1

in late 1954 and early 1955, these countries agreed informally to increase trade. 11A/ Trade statistics, however, do not indicate implementation of this informal agreement.

- 43 -

25X1

25X1

SECRET

25X1

SECRET

Approved For Release 2003/01/29 : CIA-RDP79T01049A001500190006-9

TABLE V /11/

LATEST TRADE AGREEMENTS AND ARRANGEMENTS BETWEEN ARGENTINA AND THE SOVIET BLOC

BLOC COUNTRY	DURATION OF AGREEMENT	VALUE (in billion US \$)	BLOC EXPORTS		ARGENTINE IMPORTS	
			VALUE	COMMODITIES	VALUE	COMMODITIES
USSR	Jan - Dec 1955	100.0	50	Crude oil, gas oil, iron & steel prod., rails, cellulose, pine, special steels, capital goods. /116	50	Buttton and other meat, linseed oil, hides, quebracho, extract, wool.
Czechoslovakia	Feb 55 - Feb 1958 (value for first year)	64.0	32.0	Iron and steel prod., machinery spare parts, wool, rails and pipe. /117	32.0	Grains, meat, hides, and wool.
Poland	Jan - Dec 1955	49.4	24.7	Machinery, coal, pine, iron and steel, chemi- cals, accessories for pipes. /118	24.7	Grains, hides, quebracho, extract, wool, linseed oil.
Hungary /119	Compensation Agreement Signed mid- 1955 (probab- ly for one year)	11.0	6.5	Probably iron and steel, machinery parts, wood, rails and pipe. /120	4.5	Grains, linseed oil, hides.
USSR	Jan - Dec 1955	41.2	20.6	Heavy equip., elec. equipment, radio and tele.equip., chemicals. /121	20.6	Grains, hides, beef, wool. /122
Rumania	Signed May 54 (no targets)	---	---	Wool /123	---	Hides and wool.
TOTAL		262.85	132.05		130.80	

Approved For Release 2003/01/29 : CIA-RDP79T01049A001500190006-9

SECRET

25X1

B. Trade Fairs

The Soviet exhibit at the Industrial Fair held in Buenos Aires in May 1955 was the first of its kind in Latin America and attracted capacity crowds. 124/ The value of the exhibit, which featured tractors, road machinery and mining equipment, was \$2.5 million. 125/ At the close of the exhibit in July, some \$1.1 million dollars worth of Soviet machinery, trucks, and oil-drilling equipment were sold from the display to the Argentine army and YFF. The remainder of the goods exhibited were reported to have been sent back to the USSR. 126/

C. CAPI

The Argentine Commission for the Promotion of Trade, organized by delegates to the Moscow Economic Conference in May 1952, has been active in efforts to increase Argentine-Bloc trade, particularly Communist China. This organization is reported to have been working with the Soviet Embassy in Buenos Aires to promote trade between Argentina and Communist China. 127/ Through these efforts an Argentine delegation was sent to China in mid-1954 and a Chinese delegation visited Argentina in early 1955. 128/

25X1

SECRET

25X1

Next 6 Page(s) In Document Exempt